

**ARIZONA SUPREME COURT
ADMINISTRATIVE OFFICE OF THE COURTS
INVESTIGATION SUMMARY and PROBABLE CAUSE ANALYSIS
and DETERMINATION REPORT**

<i>CERTIFICATE HOLDER/LICENSEE INFORMATION</i>	Certificate Holder:	Stephanie McCollum
	Certification Number:	20560
	Business Name:	The Sun Valley Group Inc.,
	Certification Number:	20078
	Type of Certificate/License:	Inv.
<i>COMPLAINANT</i>	Name:	Scott McKey
<i>INVESTIGATION INFORMATION</i>	Complaint Number:	09-0007
	Investigators:	Alex Navarro
		Karla Clanton
		Lori Braddock
		Tony Posante
		Pasquale Fontana

Complaint Received:	March 6, 2009
Complaint Forwarded to the Certificate Holder:	March 10, 2009
Certificate Holder/Licensee Received Complaint:	March 11, 2009
Response From Certificate Holder:	April 2, 2009
Extension regarding response was requested:	April 2, 2009
Extension granted:	April 7, 2009
Response From Certificate Holder:	April 30, 2009
Supplemental Response:	September 8, 2009
Period of Active Certification/Licensure:	August 17, 2006 – Current (McCollum)
Period of Active Certification/Licensure:	March 2, 1999 – May 31, 2012 (The Sun Valley Group, Inc.)
Status of Certification/License:	Active (McCollum)
Status of Certification/License:	Expired (The Sun Valley Group, Inc.)
Availability of Certificate Holder/Licensee:	Available
Availability of Complainant:	Available
Report Date:	April 2, 2014

ALLEGATIONS:

1. McKey alleges McCollum hired him to complete construction work on behalf of SVG, and that she requested he hire her husband, Jim McCollum, and pay him 50% (fifty percent) of the profits from a completed work project.

2. McKey alleges McCollum wanted him to pay Jim McCollum 50% (fifty percent) of the profits from other work projects and when McKey refused to pay he was not hired for any future work.

ADDITIONAL ALLEGATIONS:

None.

List of sources for obtaining information: (Investigative, records, outside resources, etc.):

- Written complaint and documentation submitted by complainant, Scott McKey ("McKey")
- Written response and documentation submitted by certificate holder, Stephanie McCollum ("McCollum") through hers and the Sun Valley Group's ("SVG") attorney, Alisa Gray ("Gray")
- Review of applicable Certification and Licensing Division ("Division") records
- Review of applicable sections of Arizona Revised Statutes ("ARS"), Arizona Codes of Judicial Administration ("ACJA") § 7-201 and § 7-202, and Arizona Supreme Court Rules
- Review of applicable Superior Court of Arizona ("Superior Court") Maricopa County records for Norman Greenberg ("Greenberg") Cause Number PB2007-050959
- Review of applicable Superior Court records for Loma Gilbert ("Gilbert") Probate Cause Number PB2006-050720
- Interview with McKey
- Interview with Peter Frenette ("Frenette")
- Interview with McCollum
- Interview with Jim McCollum ("Jim")
- Interview with Jennifer Murray ("Murray")
- Interview with Herb Yee ("Yee")
- Interview with John Chikie ("Chikie")

PERSONS INTERVIEWED:

1. Scott McKey
2. Peter Frenette
3. Stephanie McCollum
4. Jim McCollum
5. Jennifer Murray
6. Herb Yee
7. John Chikie

SUMMARY OF INVESTIGATION:

McKey was contracted by McCollum, on behalf of SVG, to complete construction work on a number of estates for which SVG had court-appointed fiduciary responsibilities. Upon completion of one of the projects, McKey alleged McCollum requested he pay her husband, Jim, 50% (fifty) of the profits to which McKey acquiesced. McKey alleged McCollum demanded he pay Jim 50% (fifty) of the profits from other completed estate projects and when McKey refused he was no longer awarded future contracts. McKey said McCollum provided him with copies of competitor bids in order to assist him in the bidding process and secure winning contracts.

McCollum denied any allegation of wrongdoing, misconduct, or of making any request or demand that McKey pay 50% (fifty) percent of the profits from any job. McCollum said McKey was terminated for valid and lawful reasons such as lack of detailed invoices, impatience with receiving payment from estates with liquidity problems, information obtained about his background, and his aggressive and threatening behavior.

SUMMARY OF FACTUAL FINDINGS OF INVESTIGATION:

1. McCollum, a licensed fiduciary, was employed as an estate manager for SVG from June 2007 through August 2009. She currently operates as a licensed private fiduciary under the name, Fiduciary Management Specialists ("FMS").

SVG ceased to do business as a fiduciary services company on or about February 28, 2011.

2. Pursuant to Probate Cause Number PB 2007-050959, SVG was appointed Temporary Guardian for Greenberg on December 17, 2007; and Permanent Guardian and Permanent Conservator on January 23, 2008. SVG resigned as Guardian and Conservator for Greenberg on February 24, 2011.
3. On March 6, 2009, the Division received a written complaint from McKey against McCollum and SVG stating:

In calendar year 2008, I was asked to prepare and submit a bid for construction work on a property owned by a ward and controlled by the ward's fiduciary, Ms. McCollum who works for Sun Valley Group [sic]. I did prepare and provide a bid that was based on a fair estimate for the work described. During the process of learning about the project and putting together a bid, Ms. McCollum asked me about her husband assisting me with the project. I have known Jim McCollum for some time and worked with him previously. As he seemed to have reasonable skills and I run a small operation, I was willing to take him on to assist with the project.

I completed the construction project. Jim McCollum came to the house while I was doing work once and then stayed for a very short time. After the work was done, Ms. McCollum asked me to pay her husband one half of the profit I made on this project. Though I did not feel Mr. McCollum had earned anything near that amount, I did pay him one half of the profit I earned on the job Ms. McCollum hired me to do.

Thereafter, I bid and worked on some additional projects controlled by Ms. McCollum. After I started at least one of those projects, Ms. McCollum told me I would need to pay her husband one half of the profit on any additional project I did for Sun Valley Group. I refused to do so and I have not been hired by Sun Valley to do any further work.

As to the payment I made to Mr. McCollum, I did not build in any amount into the original bid nor issue any additional invoices to cover that cost. Instead, I covered that expense from the profit built into the original, reasonable bid.

4. On April 30, 2009, the Division received a written response from McCollum, by and through attorney Gray, stating, in part:

In this complaint, Scott McKey alleges that Stephanie McCollum demanded he share a portion of his profits with her husband, Jim McCollum. This allegation is completely false. At no time did Stephanie or anyone at SVG suggested, require, or demand that Mr. McKey pay anyone any portion of any profits received on any projects which he did for SVG.

McCollum said McKey was terminated by SVG for lawful and valid reasons. She confirmed she asked her husband, Jim, to complete quick remedial repairs on the Greenberg Estate because the home suffered serious roof and structural damage. SVG had difficulty finding a contractor for the house because the Greenberg Estate was illiquid and there were insufficient assets to pay for repairs until the house was sold. McCollum suggested McKey help Jim with the roof repair then McKey could bid on other work SVG was conducting for various estates. McCollum considered McKey to be an experienced licensed contractor and he was willing to work on estates with illiquid assets.

5. On July 22, 2009, Division Investigators Alex Navarro ("Investigator Navarro") and Karla Clanton ("Investigator Clanton") conducted an interview with McKey and his wife, Wendy. He said he knew Jim socially and initially assisted him with a fence repair project at the Greenberg Estate. At that time Jim suggested McKey could be hired for future contract work and the two could work together. McKey said he spoke with McCollum about the Greenberg Estate and about the bidding process. McCollum advised him that she would give him additional contracts if he would pay Jim 50% (fifty) percent of the profits. McKey began working on the

Greenberg Estate and Jim came to the property but only completed 20 minutes of work. Upon completion of the project, McKey said he paid Jim \$8,000.00. McKey said he bid on and worked on other smaller projects but the larger construction jobs included the Greenberg Estate and Ravalli Estate. McKey said after he refused to pay Jim for half of the proceeds for work on the Ravalli Estate, McKey was no longer awarded contract work from McCollum and SVG.

McKey stated that McCollum provided him copies of competitor contractors' bids and advised him to bid lower than competitors in order for McKey to secure the contracts. He said she faxed him a copy of one bid and personally gave him competitor's bids when he met her at her office.

6. McKey provided the Division with a copy of the following:
 - Copperline Contracting's bid of April 10, 2008 regarding the Greenberg Estate as submitted to Jennifer Marie [Murray], estate administer for SVG, for the amount of \$27,956.97. The copy identifies a one page facsimile sent by McCollum, as per her fax number, on April 16, 2008.
 - Proposal from Service Master c/o Architerra Contractors, L.L.C. submitted to Jennifer at SVG dated February 28, 2008.
 - Proposal from Imperial Restoration and Contracting, L.L.C., in the amount of \$103,963.25.
 - McKey's proposal to SVG for the Greenberg Estate work for the amount of \$30,637.63.
7. Division file information shows that on July 25, 2012, Division Investigator Lori Braddock ("Investigator Braddock") conducted a telephonic interview with Jim at which time he admitted to receiving \$8,000.00 in exchange for his work on the first SVG project that McKey completed.
8. On July 31, 2009, Investigator Navarro interviewed Yee, of Imperial Restoration and Contracting ("IRC"). He said his submitted bid was not approved because McCollum told him she had changed her mind and was putting the project on hold. Yee stated he was prepared to lower his price if she asked and said he wanted to secure the project.
9. On July 31, 2009, Investigator Navarro interviewed Chikie, of Service Master. He said he visited the property before submitting a bid to SVG and said his estimate only covered "cleaning of the property but not any major projects." He confirmed that he would have lowered his price if McCollum had asked him but she did not call him back.
10. On August 21, 2009, Division Unit Manager Linda Grau ("Manager Grau") and Investigator Navarro interviewed Frenette, accompanied by Gray. Frenette affirmed that he required multiple bids for large remodel jobs but did not if the project was "under a couple of thousand dollars" because it may not have been

feasible to meet with contractors. Large projects with registered contractors are done with “competitive bids and estimates.” Frenette confirmed he reviews the contracts but McCollum was authorized to review and approve contracts and also to change orders. Frenette said he relied” on McCollum for the contracting and bids because of her experience.

Gray, on behalf of McCollum and SVG, denied that Jim worked for McKey or anyone else on behalf of SVG. Gray described Jim as “very handy” and said on one occasion was asked to go out to a home and secure the property over a weekend because of a crisis situation. Frenette could not confirm whether Jim completed work on estates. Gray denied that McCollum requested any kick back money from McKey and Frenette stated that he doubted McCollum would do anything like that. Gray said McKey did not have any evidence of paying Jim but McKey did repay Jim for a previous personal loan. Gray asserted that McKey came to SVG’s office “screaming at everybody and threatening to sue everyone and to put mechanic’s liens on the houses” to which Frenette remarked he was unwilling to use a vendor that behaves in that manner. Gray said it was difficult to find contractors to work on some of these homes because of the condition of the property, the hazards involved, and because assets were illiquid delaying payment until the property was sold. She said McKey was willing to do the work with the understanding that many of the properties were illiquid and payment would be delayed. She opined McKey got anxious or had financial difficulties and started making threats.

Frenette stated that SVG has policy that permits its employees to purchase items from estates but only after the items are made available to the public.

11. The Division reviewed an undated notarized Affidavit signed by McCollum. In part, she affirmed Jim was asked to complete remedial repairs to serious roof and structural damage on the Greenberg Estate. SVG had difficulty finding a contractor to complete the work because the estate was illiquid and there were insufficient assets to pay for the repairs until the house sold. McCollum said Jim referred McKey for the job because he was having financial difficulties. McKey could assist with the roof repair on the estate property and it was suggested that he bid on other work SVG was doing for various estates. McCollum verified that McKey worked on nine (9) estates and completed approximately 20 jobs. He was compensated \$73,218.00 for his work on the estates. McKey also did work at SVG’s corporate office.

McCollum denied that anyone at SVG demanded that McKey share any portion of any profit from any estate. McKey’s relationship with SVG was terminated due to him failing to provide detailed invoices, his outbursts, and threats to jeopardize estate assets. McCollum said she learned McKey purchased a new vehicle and made other purchases and she told her husband. Jim informed her that he had made a personal loan to McKey in the amount of \$1,700.00. Jim asked McKey to repay the loan. McKey repaid the loan by cashier’s check.

12. The Division reviewed a notarized Affidavit signed by Jim, dated September 8, 2009. He attested to a personal relationship with McKey. Jim wrote that he loaned McKey \$1,500.00 in January 2008 and an additional \$200.00 in May 2008. Around the time of that loan McCollum asked Jim to perform quick remedial repairs on the Greenberg Estate because SVG was having difficulty finding a contractor due to the illiquidity of the estate and insufficient assets to pay for repairs until the property sold. Jim suggested to McCollum that she consider McKey and that he was interested in bidding on other contract work. Jim later discovered McKey was making major purchases from estate sales and asked him to repay the personal loan. McKey paid him with a Westech check. Jim denied making any demand for any portion of profits from work McKey completed on behalf of SVG.
13. On September 24, 2009, Manager Grau and Investigator Navarro interviewed McCollum, along with her attorney, Gray. McCollum confirmed her employment with SVG starting in February 2007. She was one of three certified fiduciaries. McCollum said she was no longer SVG's the estate manager but was working part-time for the company and was transitioning to leave the agency.

Regarding the Greenberg Estate, McCollum said she was shocked by the deplorable condition of the property. Immediate repairs were needed because it was the rainy season and she was concerned for possible rain, leaks, and further damage. She confirmed Jim repaired the roof and said she and SVG staff member, Murray, called several contractors to complete the work but due to the late hour and having to wait for payment, SVG was unable to secure a willing contractor. McCollum said Frenette authorized Jim to make the roof repairs to the roof to keep water from entering the property. McCollum brought McKey to SVG's attention at the time SVG was seeking bids for work on the Greenberg Estate.

McCollum did not recall having any conversation with McKey about the bidding process and denied having, at any time, communication or correspondence with McKey regarding the bidding process, how to secure a bid, or how to be the selected bidder. She said she did not inform McKey of liquidity issues on the Greenberg Estate then stated she was unsure if she had told him but remembered "vividly" telling him after he came to the office threatening to place a mechanic's lien on properties in order to receive payment for his work. McCollum was unaware of Jim formally working with McKey on any contracting projects prior to McKey being awarded the Greenberg Estate contract. She denied that Jim contacted McKey for the purpose of contracting and doing any project. McCollum denied having any conversation with McKey or anyone else, about profit sharing or for McKey paying Jim any percentage of proceeds for work completed on any estate.

McCollum stated SVG was pleased with McKey's work and "for a month or so it was working really well." SVG terminated its relationship with McKey because he was "awful with invoices" resulting in arguments between McKey and

Frenette. Invoice issues, McKey's aggressive demeanor while at the SVG office and information obtained about McKey's past were of sufficient concern for SVG to terminate the relationship.

14. The Division reviewed a letter of recommendation signed by McCollum on September 3, 2008, on behalf of McKey. The letter was sent from SVG's facsimile number and stated, in part:

As a professional private fiduciary for the Sun Valley Group, Inc, I have been asked to do a letter of recommendation for Westech, LLC, specifically Scott McKey. We have had the opportunity to use the services of Scott McKey many times over the past year. He has done repairs, minor construction, clean up and clean out, and in some cases complete remodels. We have been extremely pleased with his integrity, quality, professionalism and timeliness (photos available at request). We will continue to use the services of Westech, LLC.

15. The Division reviewed records, dated April 21, 2009, showing McKey worked on nine (9) estates from April 3, 2008 to December 5, 2008, receiving a total of \$73,218.00 for his services. The largest contracts included the Greenberg Estate at \$43,122.00 and Ravalli Estate at \$21,113.00. Other jobs paid between \$1,100.00 and \$2,008.00.
16. The Division reviewed a copy of a Bank of America check, number 3081, dated June 24, 2008, by Westech Plumbing/Scott L. McKey, payable to Jim McCollum in the amount of \$8,000.00 (name spelled on the check as Jim McColum). The check memo line identifies the *Greenberg House*. The check was signed and cashed by Jim McCollum on June 24, 2008.
17. The Division reviewed a copy of a Bank of America Cashier's Check, dated December 12, 2008, remitted by McKey and payable to Jim in the amount of \$1700.00.
18. Division Investigator Pasquale Fontana ("Investigator Fontana") conducted a telephonic interview with Murray on December 7, 2012. Murray confirmed her employment with SVG from May 1, 2006 to March 7, 2011. She worked as an estate administrator. Murray said SVG had a list of vendors used for work on properties and SVG would typically entertain two or three bids prior to awarding a contract. Contracts were approved by McCollum, Frenette or his wife, Heather. Murray said McKey, a friend of Jim's, was awarded contracts and SVG was satisfied with his work. Murray stated she was unaware of McKey complaining about delayed payments stating he was paid in a timely manner. She said he was paid at least three times for the Greenberg Estate including getting money for materials to begin the project and McKey eventually received full payment for the completed work. Murray said the only delay in payment involved the Ravalli Estate because of a Court related matter involving the family. McKey completed

the work but the Court action deferred compensation for a period of time. Murray said any discussions regarding payments took place with McCollum.

Murray stated that McKey “seemed nice” and she was not aware of any time where he displayed angry or aggressive behavior. She said SVG would occasionally discuss any problems with vendors or others during staff meetings but said this did not occur with McKey. Regarding any issues with McKey’s invoices, Murray did not recall any problems with them but remembered that he resubmitted several invoices due to lack of detail. She said this was also the case with other vendors. The lack of detail occurred during McKey’s early involvement with SVG but this improved over time. Murray said SVG decided to no longer use McKey’s services but she was not advised of the reason.

Murray denied any knowledge of Jim having any contracts with SVG and said she would not know if he had because she was not the decision maker. Murray was unaware of any checks paid to Jim and noted there were six other administrators involved with various estates. She remembered Jim did work on Frenette’s home and did some minor work around SVG’s office. Murray did not know of any situation where a vendor, including McKey, was told to specifically work with any particular person or company and she denied having knowledge of any discussions regarding profit-sharing adding she would be concerned about the legality of such a matter.

19. On December 10, 2012, Investigator Fontana conducted a follow-up interview with Frenette. Regarding oversight of the bidding process, Frenette said estate administrators, the estate manager, himself or Heather are able to engage and be involved with the contracting. Large contracts went through the estate manager or possibly through himself. Frenette did not recall any particular standard utilized to distinguish a large project necessitating competitive bids from smaller jobs that did not require multiple bids. Frenette verified that Jim provided limited general labor and handyman type of work for SVG but Frenette could not remember whether Jim worked on the Greenberg Estate or if he made any repairs to the residence. Frenette said SVG did not have a policy that limited, restricted, or excluded any vendor, including McKey, from hiring and paying Jim or anyone else. Frenette could not recall his decision for terminating McKey’s services but thought it was related to performance issues despite McKey initially being “responsive as a vendor.” Frenette had no recollection of McKey making threats or being aggressive toward anyone nor could Frenette remember having to call police to intervene, adding that he has received numerous threats of harm against him over his years working as a fiduciary.

ANALYSIS OF ALLEGATIONS:

Allegation 1: McKey alleges McCollum hired him to complete construction work on behalf of SVG, and that she requested he hire her husband, Jim McCollum, and pay him 50% (fifty percent) of the profits from a completed work project.

Administrative Orders 2006-070, ACJA § 7-201(F)(1); and 2006-071, ACJA § 7-202(J), in effect at the time of the alleged misconduct, require certificate holders to comply with the Code of Conduct contained in § 7-202(J). ACJA § 7-202(J)(2) states:

The fiduciary shall exhibit the highest degree of trust, loyalty and fidelity in relation to the ward, protected person, or estate.

ACJA § 7-202(J)(2)(b) states:

The fiduciary shall avoid self-dealing or the appearance of a conflict of interest. Self-dealing or a conflict of interest arises where the fiduciary has some personal or agency interest other individuals may perceive as self-serving or adverse to the position or best interest of the ward, protected person, or decedent. In situations where no other services are available, the fiduciary shall disclose the potential conflict in a petition to the superior court, seeking approval prior to the provision of services.

ACJA § 7-202(J)(4) states:

The fiduciary acting as conservator for the estate shall provide competent management of the property and income of the estate. The fiduciary shall exercise intelligence, prudence and diligence in the discharge of all duties. A fiduciary shall avoid any self-interest in the discharge of this duty.

ACJA § 7-202(J)(4)(g) states:

The fiduciary shall have no self-interest in the management of the estate and shall exercise caution to avoid even the appearance of self-interest.

A review of records shows McKey completed work on nine (9) estates on behalf of SVG from April 3, 2008 to December 5, 2008 and was compensated \$73, 218.00 for his work. He was paid \$43,122.00 for his work on the Greenberg Estate.

McCollum confirmed she brought McKey to SVG's attention at a time it was seeking bids for the Greenberg Estate work. She denied having any knowledge of Jim formally working with McKey on any contracting projects prior to McKey being awarded the contract for the Greenberg Estate. She said Frenette authorized Jim to complete emergency work on the Greenberg Estate because SVG had difficulty securing a contractor to complete the work due to the "late hour" and illiquidity of the estate.

McCollum denied making any request for McKey to pay Jim any portion of the profits from contracted work.

McKey asserted that he paid Jim for work Jim performed at the *Greenberg House*. While there seems to be some dispute regarding how much work Jim performed, McKey presented the Division with a copy of the Bank of America check number 3081 from Westech Plumbing/Scott L. McKey payable to *Jim McColum* in the amount of \$8,000.00 for the *Greenberg House*. The check was signed and cashed by Jim on the date of issue. Division Investigator Braddock documented Jim's disclosure to her of receiving \$8,000.000 for his work on the *Greenberg House*. Therefore, Allegation 1 is substantiated.

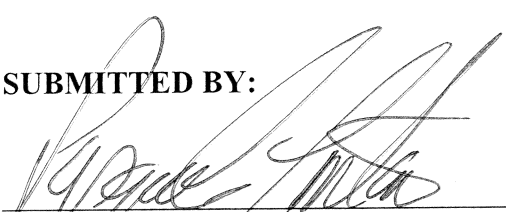
Allegation 2: McCollum alleges McCollum wanted him to pay Jim 50% (fifty percent) of the profits from other work projects and when McKey refused to pay he was not hired for any future work.

McCollum and Frenette maintain SVG terminated its relationship with McKey due to performance issues and aggressive behavior. McCollum said McKey was working out well for the first month but that relations began to erode sometime afterward because of his performance and conduct.

Further, McCollum wrote a positive letter of recommendation on behalf of McKey in September 2008 indicating SVG was "extremely pleased with his integrity, quality, professionalism and timeliness" adding "we will continue to use the services of Westech, LLC." The letter of recommendation and declarations contained therein appear to contradict McCollum's statements that McKey worked out well for approximately the first month approximately. Documentation submitted by SVG confirmed McKey worked on various estates from April 2008 to December 2008. SVG employee Murray verified that SVG was pleased with McKey's work. He resubmitted some of his initial invoices because of a lack of detail but this improved over time. Murray was unaware of McKey coming to the office and behaving in a threatening or abusive manner.

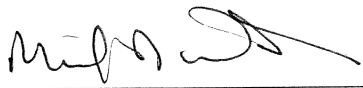
SVG's records show McKey completed contracted work for SVG for at least nine months. While conflicting information exists as to whether McKey was terminated for cause or due to factors identified in his allegation, the Division has no authority over SVG's employment practices regarding the hiring and firing of any contracted professional. Therefore, Allegation 2 is not substantiated.

SUBMITTED BY:


PASQUALE FONTANA, Investigator
Certification and Licensing Division


Date

REVIEWED BY:

 4/13/14

Certification and Licensing Division Date

DECISION OF THE PROBABLE CAUSE EVALUATOR:

Having conducted an independent review of the facts and evidence gathered during the course of the investigation of complaint number **09-0007**, the Probable Cause Evaluator:

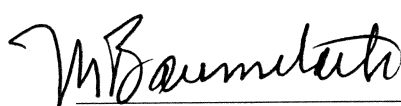
☐ requests division staff to investigate further.

☒ determines probable cause does not exist the certificate holder has committed the alleged acts of misconduct as to Allegation(s):

 #2 .

☒ determines probable cause exists the certificate holder committed the alleged acts of misconduct as to Allegation(s):

 #1 .

 4/17/14

Mike Baumstark Date
Probable Cause Evaluator

**ARIZONA SUPREME COURT
ADMINISTRATIVE OFFICE OF THE COURTS
ORDER OF THE BOARD**

<i>CERTIFICATE HOLDER/LICENSEE INFORMATION</i>	Certificate Holder:	Stephanie McCollum
	Certification Number:	20560
	Business Name:	The Sun Valley Group Inc.
	Certificate Number:	20078

RECOMMENDATION TO THE BOARD FIDUCIARY (“BOARD”):

It is recommended the Board accept the finding of the Probable Cause Evaluator and enter a finding Stephanie McCollum has not committed the alleged act of misconduct as detailed in the Allegation 2 of the Investigation Summary and Allegation Analysis Report in complaint number 09-0007.

It is recommended the Board accept the finding of the Probable Cause Evaluator and enter a finding Stephanie McCollum has committed the alleged acts of misconduct as detailed in the Allegation 1 of the Investigation Summary and Allegation Analysis Report in complaint number 09-0007.

It is further recommended the Board enter a finding grounds for informal disciplinary action exists pursuant to Arizona Code of Judicial Administration (“ACJA”) § 7-201(H)(6)(a) for acts of misconduct involving ACJA § 7-201(F)(1) and ACJA § 7-202(J).

Mitigating Factors:

1. Absence of prior disciplinary record
2. Delays in disciplinary proceedings


Aggravating Factors:

1. Substantial experience in the profession

The stated purpose of the Fiduciary Program includes protecting the public through professional and competent performance in accordance with all applicable statutes and court rules. In this situation, Ms. McCollum was responsible for coordinating work to protect or improve a ward’s real property and in this capacity selected or assisted in selecting a contractor that subsequently hired Ms McCollum’s husband to perform work on the Greenberg Estate. Ms. McCollum’s husband received at least \$8,000 for that work.

It is recommended if the Board ultimately finds that misconduct occurred that a Letter of Concern be issued to Ms. McCollum pursuant to AJCA § 7-201(H)(24)(a)(6)(a).

SUBMITTED BY:

 4/30/14

Mark Wilson, Division Director Date
Certification and Licensing Division

FINAL DECISION AND ORDER:

The Board having reviewed the above Investigation Summary, Allegation Analysis Report, finding of the Probable Cause Evaluator, and Recommendation regarding complaint number 09-0007 and Stephanie McCollum, certificate number 20560, makes a finding of facts and this decision, based on the facts, evidence, and analysis as presented and enters the following order:

- ☐ requests division staff to investigate further.
- ☐ refers the complaint to another entity with jurisdiction.
Referral to: _____
- ☐ dismisses the complaint, and:
 - ☐ requests division staff prepare a notice of dismissal pursuant to ACJA § 7-201(H)(5)(c)(1).
 - ☐ requests division staff prepare a notice of dismissal and an Advisory Letter pursuant to ACJA § 7-201(H)(5)(c)(2).
- ☐ determines grounds for discipline exist demonstrating the certificate holder committed the alleged act(s) of misconduct and:
 - ☐ enter a finding the alleged act(s) of misconduct or violation(s) be resolved through informal discipline, pursuant to ACJA § 7-201(H)(7) and issue a Letter of Concern.
 - ☐ enter a finding the alleged act(s) of misconduct or violation(s) be resolved through formal disciplinary proceeding, pursuant to ACJA § 7-201(H)(9).
- ☐ requests the certificate holder appear before the Board to participate in a Formal Interview, pursuant to ACJA § 7-201(H)(8).

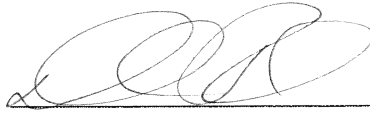
[] orders the filing of Notice of Formal Charges, pursuant to ACJA § 7-201(H)(10).

[] enters a finding the public health, safety or welfare is at risk, requires emergency action, and orders the immediate emergency suspension of the certificate and sets an expedited hearing for:

Date, Time, and Location: _____

☒ adopts the recommendations of the Division Director.

[] does not adopt the recommendations of the Division Director and orders:



Deborah Primock, Chair
Fiduciary Board

11/10/15
Date

**ARIZONA SUPREME COURT
ADMINISTRATIVE OFFICE OF THE COURTS
SUPPLEMENTAL INVESTIGATION SUMMARY**

<i>CERTIFICATE HOLDER INFORMATION</i>	Certificate Holder:	Stephanie McCollum
	Certification Number:	20560
	Business Name:	The Sun Valley Group, Inc.
	Certification Number:	20078
	Type of Certificate/License:	Inv.
<i>COMPLAINANT INFORMATION</i>	Name:	Scott McKey
<i>INVESTIGATION INFORMATION</i>	Complaint Number:	09-0007
	Investigator:	Pasquale Fontana

SUMMARY OF ADDITIONAL INVESTIGATION:

ALLEGATIONS

- 1. McKey alleges McCollum hired him to complete construction work on behalf of SVG, and that she requested he hire her husband, Jim McCollum, and pay him 50% (fifty percent) of the profits from a completed work project.*
- 2. McKey alleges McCollum wanted him to pay Jim McCollum 50% (fifty percent) of the profits from other work projects and when McKey refused to pay he was not hired for any future work.*

This complaint was previously investigated and the Investigation Summary was forwarded to the Probable Cause Evaluator whom determined probable cause existed as to Allegation 1, as detailed in the Investigation Summary and Allegation Analysis Report, but did not exist as to Allegation 2 of the said report. The matter was brought before the Fiduciary Board on May 8, 2014, at which time the Board moved to have further investigation and to bring Stephanie McCollum (“McCollum”) in for an interview. Please review the Investigation Summary and Allegation Analysis Report, dated April 2, 2014, for more information on the investigation.

This additional investigation included interviews with the following:

- Scott McKey (“McKey”)
- McCollum with attorney, Lawrence Scaringelli (“Scaringelli”)
- Jim McCollum (“Jim”)
- Former The Sun Valley Group, Inc. (“SVG”) estate administrator, Jennifer Murray (“Murray”)

And a review of available Superior Court of Arizona ("the Court"), Maricopa County, records including Probate Cause Numbers PB2007-050959, Norman Greenberg ("Greenberg"), and PB2007-03242, Wanda Ravalli ("Ravalli").

Interview with McCollum

McCollum, with attorney Scaringelli, was interviewed on October 2, 2014. She said she was hired by SVG owner and principal, Peter Frenette ("Frenette") in early 2007 initially as an estate administrator then promoted to estate manager after several weeks. She acknowledged that her husband, Jim, performed quick remedial work on the Greenberg Estate, per their respective affidavits submitted to the Division in 2009. The Greenberg house was in deplorable condition and had serious problems including the roof caving in and asbestos falling through. SVG staff needed to enter the property so McCollum suggested to Frenette that Jim could do the work because he is a full time firefighter and has hazardous materials ("hazmat") training and experience. Jim's only task was to deal with the asbestos issue so that SVG staff could safely enter the residence. McCollum later recalled that Jim also helped with repairing a fence on the property but she denied that he did any other work on that property or that he worked on any other SVG managed estate.

Despite being estate manager recommending her husband to work on the Greenberg property McCollum said did not think she was in any conflict of interest because she discussed the matter with Frenette and he made the decision to hire Jim. McCollum said Frenette had previously hired Jim to perform handyman work at Frenette's residence. She added that the Greenberg Estate was illiquid and SVG was unable to find a contractor to do the work under those circumstances. McCollum could not recall how much or when Jim was paid but assumed because of liquidity issues he was compensated once the estate had money. McCollum said money was subsequently found in the residence thereby allowing for contractors to be paid.

Jim and McKey knew each other socially through a mutual interest in motorcycle racing. As such, McKey, a licensed contractor, was brought in to SVG to do a number of jobs and he later bid on and was awarded contracts. Regarding the bidding process and selection of contractors McCollum said SVG did not maintain a list of vendors and estate administrators would solicit bids from various contractors. Estate administrators could hire contractors for small jobs such as carpet cleaning but the larger contracts including remodeling or construction were reviewed by McCollum and Frenette. McCollum described a process whereby SVG would obtain three bids and the lowest would be selected. McCollum and Scaringelli were certain Frenette awarded contracts to the lowest bidder because he had a duty to protect the assets of the estates.

McCollum adamantly denied that she requested or, in any way, otherwise communicated that McKey was to pay Jim half of the profits from the Greenberg Estate contract or half of profits from any other estate work. She denied having any knowledge of the existence of any such arrangement and she agreed with Scaringelli that if McKey hired Jim to work with him on any project then any arrangement would be between them.

McCollum was shown a copy of Bank of America check number 3081, from *WesTech Plumbing/Scott L. McKey*, dated June 24, 2008, payable to Jim, in the amount of \$8,000.00, with memo line identify the *Greenberg House*. The check was signed and cashed by Jim on that date. McCollum could not provide an explanation for the check and denied having any prior knowledge of it saying, "I had no idea that he [Jim] made money off that case." McCollum agreed with Scaringelli's suggestion that this could have been repayment of money Jim loaned McKey for building materials and that Jim could have "walked into a Home Depot and run up \$6,000.00."

Scaringelli rejected McKey's assertion and denied that McCollum provided McKey with copies of competitor's bids during the bidding process so that he could successfully secure the winning contracts and pay Jim. However, McCollum said she could not remember whether she did do so then stated, "Absolutely not because that would be insider information that I would never give anybody, not in any situation." She denied having involvement with the contractor's bids and said estate administrators solicited the bids then either selected the contractors for small jobs or moved the bids along to Frenette for his decision on larger contracts. She said she did not have possession of the bids because Murray managed them. McCollum could not recall seeing any of the contractor's bids during the bidding process but thought she may have seen them after a contractor was selected. She could not remember whether bids were sought for the Greenberg Estate work although she acknowledged that larger contracts for remodel could not have been decided by estate administrators and would have gone to Frenette. McCollum had no recollection of whether she discussed the Greenberg contract with Frenette despite her earlier statements that larger contracts were routinely reviewed by her and Frenette. She did not know why McKey's bid was selected but agreed with Scaringelli that McKey must have come in with the lowest bid if he was awarded the contract.

McCollum was shown a copy of a bid from Copperline Contracting that McKey had in his possession and submitted to the Division in 2009, alleging she faxed him the bid so that he could use it to secure the winning contract. The faxed document included McCollum's last name, fax number, date and time at the top of the page. She verified that the fax number appearing on the document was hers and that she had it for a "long time" and shared it with her husband. McCollum acknowledged that the fax was sent from her home and agreed with Scaringelli that it could have "come from anywhere" or transmitted from her home number by her daughter or by Jim because both reside at the home and further suggested that it could also have been sent by Murray whom may have stopped by the McCollum residence and faxed the document. McCollum denied faxing it then claimed she did not remember doing so but that she did not think she would then said she may have sent it if she was told to "after the fact for good reason." The document reviewed with McCollum was a job quote from Copperline Contracting, initially faxed to Murray at SVG on April 4, 2008, estimating \$27,956.97 to complete work on the Greenberg Estate. This bid was subsequently sent out from McCollum's fax number on April 16, 2008, at 9:53 p.m. The document provided only the outgoing information but did not indicate to where or whom the fax was sent.

McCollum was shown McKey's estimate for the Greenberg Estate in the amount of \$30,637.63. She was unable to provide an explanation as to why McKey's higher bid was chosen and stated that Frenette "would never had done this, never approved it" and that Murray "would have to give it to him and he never would have gone to the bigger one." McCollum said ultimately the decision to hire contractors was Frenette's and not hers.

McCollum was shown copies of bids from Service Master and Imperial Restoration and Contracting LLC for work on the Ravalli Estate that McKey alleged she provided. She denied giving him a copy of those bids and agreed with Scaringelli that estate administrators had access to the bids and could have provided them to McKey.

Interview with McKey

McKey was interviewed on October 23, 2014. He is owner and operator of WesTech Plumbing. He has known Jim socially since 2005 or 2006 when the two became friends after meeting through motorcycle racing circles. At a point, Jim approached McKey and asked if he would consider doing work for McCollum's company. McKey said he previously met her because she came out to the track during races. He said Jim operated a small handyman type of business, Select Residential Services, but he was not licensed and SVG required a licensed contractor. McKey said Jim was working for SVG managed properties and McCollum was paying him to do odd jobs such as drywall repair, electrical, lights, air conditioning, and roof repair, and Jim also did work at the SVG office. McKey was not present when Jim did the work but did help him build a fence, clean lawns etc. McKey said there was no discussion with McCollum regarding the fence repair work at the Greenberg house because it was simply Jim asking McKey to help out and paid him accordingly. McKey could not recall how much he was paid for the fence work but estimated he was paid several hundred dollars for his time.

As things got more involved and remodeling was needed Jim told McKey, "I need somebody with a license in case anything ever gets said" and approached him about working on the Greenberg Estate. McKey met with Jim and McCollum at her office and she told McKey she would get him other bids and instructed him to "go off of those." If McKey could match or come under those she would give him the job with the condition that Jim work with him and McKey was to pay Jim half of the profits. McKey said they were the only three present when this agreement was discussed. He said he agreed to the deal rationalizing that he would make money as a contractor and would pay Jim if he came to do the work.

McKey claimed that he received the Copperline Contracting bid for the Greenberg Estate from McCollum. He could not definitively say it was McCollum whom directly transmitted the fax and said it could have been Jim that sent it because he was fully aware of the arrangement. McKey was awarded the Greenberg remodeling contract and completed the job in approximately two and a half weeks. He said Jim did not show up to work and always had a reason for why he could not be there then said Jim came out once, stayed for approximately one hour and helped cut a hole in a countertop to accommodate

a sink but then had an excuse to leave. McKey continued working with his crew and when the job was finished he paid Jim the \$8,000.00 because of the agreement but decided he would not pay Jim in future if he refused to show up to work. McKey said Jim asked him to help with drywall work at the McCollum residence and was there over several days doing the job. During casual conversation, with McCollum present, McKey told Jim that he would not pay him if he was not going to come to work to which Jim allegedly replied, "That's not the deal."

The Division reviewed, with McKey, documents he submitted to the Division in 2009 showing Jim, on June 6, 2008, charged \$1,333.94 at Home Depot for three wall units, two bases, a sink base, double bowl sink and another item. McKey said Jim had a handyman company and knew a guy that could give better discounts on cabinets etc. therefore increasing their profit on the Greenberg job. McKey was not certain but thought the \$8,000.00 check may have included reimbursement of the costs of materials Jim purchased. McKey said he needed to add up all his receipts but believed his own costs for the Greenberg Estate job was over \$9,000.00 and Jim's cut amounted to approximately half of the profits, per their agreement.

The Division reviewed SVG's billing records verifying McKey was paid for several jobs at the Greenberg property from April through October 2008. Consistent with the timeline of McKey's submitted proposal to SVG for the Greenberg remodel job, dated May 16, 2008, McKey was paid \$10,000.00 on May 19, 2008, and \$20,637.63 on June 11, 2008, after completion. McKey's \$8,000.00 check to Jim was dated June 24, 2008.

McKey alleged McCollum personally handed him other competitor's bids including one from Imperial Restoration and Contracting when he met with her at her office. She deliberately blackened out the amounts that contractor provided but told McKey he could still see the figures entered on the bid. The Division reviewed the bid McKey brought with him to the interview and could see the contractor's numbers written on the estimate despite the vetting. McKey said the bid quoted for an entire clean out and a full remodel of the home but he used the bid to submit a proposal for the clean out only. McKey said McCollum also gave him a copy of Service Master's quote for the clean out on that same job and said he copied the bid exactly and simply put his own letterhead on his proposal. He then faxed it to SVG and sometime later Jim called him saying McCollum was upset because McKey's proposal was a duplicate of Service Masters. McKey was told to redo his proposal but not to fax it because SVG maintained records and this would show that McKey's company submitted two proposals for the same job.

The Division reviewed a copy of Service Master's eight page bid submitted to Murray at SVG on February 28, 2008, regarding the Ravalli Estate, and compared it to McKey's proposal, dated March 1, 2008, for the same. The two bids appeared identical in line by line content, details and scope of work with the exception of the final amounts to do the job. Service Master quoted \$18,062.82 and McKey submitted for \$16,503.58. The Division reviewed McKey's amended bid, dated March 9, 2008, reflecting substantially amended line by line content and details for the work. His proposal quoted \$17,013.64 typed into the quote and had \$20,013.64 handwritten onto the proposal. A review of

SVG's accounting/billing verified the Ravalli estate paid McKey \$20,313.64 over two payments. On September 24, 2008, McKey was paid \$6,100.00, and on October 8, 2008, he received \$14,213.64. McKey also received smaller payments in October and November of that year.

McKey was awarded the clean out contract for the Ravalli Estate but said he did not call Jim to get him to come to work because he knew when the job started and he did not bother showing up. After finishing the job SVG paid McKey and sometime later McCollum questioned him about the status of Jim's cut and why McKey had not paid him. He told her that Jim did not work and McKey was not about to pay Jim. McKey said McCollum took him into her office, asked him remain quiet and she called Jim to question him on his whereabouts. McKey stayed quiet and said Jim denied everything telling her he did do the work although McKey opined that McCollum already knew Jim did not. McKey said she told him that if he did not give Jim his cut then McKey would "never work for the company again." He did not think much of the comment but then she did not pay him for a number of small jobs he completed and he stopped getting calls about other work. McKey decided to voice his concerns to Frenette but when the two met Frenette stopped him and said he did not want to hear about it stating that he "whole heartedly" trusted McCollum and that she would not do anything untoward. If McCollum said McKey was done then he was and Frenette effectively ended conversation on the matter.

McKey said McCollum was angry about Jim not getting paid for the Ravalli contract and after she learned McKey's wife purchased a car, although from money her parents gave her, Jim demanded repayment for the personal loan. McKey met with him and paid with a cashier's check but told Jim he was filing a complaint against McCollum with the Division. McKey said Jim begged him not to file the complaint because his wife was preparing to break away from SVG and to strike out on her own and a complaint would affect her license. Jim said he would ensure McKey got paid for any outstanding jobs and the next day McKey was paid.

Interview with Jim

Jim was interviewed on November 12, 2014. He acknowledged doing handyman and repair work for SVG and "that's about it." He did not recall working on the Greenberg Estate. When asked how he got hired to work on estates managed by SVG he said, "My wife was a fiduciary and they were looking for people to do stuff and they got bids and I told them I'd do it cheaper or something along that line." Jim said he was friends with McKey and worked with him but denied there was any type of agreement or arrangement made by McCollum or anyone else that required McKey to pay him half of the profits from the Greenberg Estate or any other estate stating, "That's a flat out lie" and said McKey, "made that up." Jim then remembered working on the Greenberg property saying it was the only house they worked on together doing various repairs, put up a fence, and remodeled the interior of the residence. He said he worked alongside McKey the entire time and they split the money. Jim said McKey paid him in cash but could not recall how much he was paid. When asked about the nature of the work Jim said, "It was a lot of

work” because the house was “trashed” and he restated that they remodeled the house and put a fence around the whole yard. Asked if being paid \$8,000.00 for his work on the property seemed accurate Jim said, “I have no idea” and said he could not remember.

Jim said McKey got work with SVG because Jim knew McKey was a contractor and needed work. Jim told his wife about McKey and after bidding he got the contracts. Jim denied having knowledge of any arrangement or circumstance where McKey was able to review any competitor’s bids including the one for the Greenberg Estate adding, “I don’t remember a lot of stuff” because it was several years ago. Jim knew jobs were coming up and McKey put in bids like “everyone else” and McCollum, Frenette, or someone at SVG hired him. Jim could not remember if he ever provided McKey a copy of any competitor’s bid by fax or by any other communication and had no idea if McCollum ever did. Jim said McKey may have received copies of bids because he had problems writing up bills and “things like that” and the Court wanted it a certain way so SVG gave him copies of bids to show him how they needed to be done. Asked again if he ever provided McKey any copy of a competitor’s bid Jim replied that he did not.

Interview with Murray

Murray was interviewed on November 17, 2014. She was SVG’s estate administrator from May 2, 2006 to March 7, 2011. McCollum was hired in 2007 and became the estate manager overseeing Murray and other estate administrators although Frenette could override McCollum’s decisions.

Regarding the bidding process and hiring contractors Murray said SVG maintained a list of vendors and the company solicited bids from two or three contractors from that list. Typically Murray would call vendors and ask them to submit estimates for a particular job. She would inform them upfront if there were any liquidity issues or difficulties getting paid. Murray could recommend a contractor she knew but the decision to hire for remodeling contracts was made by McCollum or the Frenette’s although McCollum could hire contractors for smaller jobs. Murray believed bids were sealed and would normally be emailed to SVG. Once McCollum became estate manager bids were sent directly to her and depending on the estimates would go to Frenette. Murray was not sure if estimates were faxed or emailed because she did not handle the faxes or emails and said she only saw the bids after vendors were selected because she used the bids to review the contractor’s work and ensure the work was completed in accordance with the bid sheets.

The Division notes that SVG’s accounting, referenced later in the Records Reviewed section of this Summary, and facsimile transmissions obtained from SVG, shows that Murray was directly involved with handling various bids during the bidding process.

Murray denied providing McKey with any copy of a competitor’s bid during the bidding process and said she did not have access to them. She did not know if McKey was given any opportunity to review competitor’s bids. She said she was not privy to information regarding whether competing vendors, during the bidding and selection process, were

shown competitor's bids but that she would not be surprised if the Frenette's engaged in that sort of practice. When informed that her name was suggested as someone whom may have possibly provided McKey a copy of competitor's bid during the bidding process Murray said she could not remember doing so and if someone said she did then she would have no way of disproving it because she could not recall but added if she did it was done strictly with the direction and approval of the Frenette's.

Murray denied having knowledge of any arrangement that required McKey to give Jim half of profits from any estate job but said if Jim was employed by McKey then any arrangement made between them had nothing to do with her. She knew Jim worked with McKey on the Greenberg Estate but was not sure if Jim did on other estate properties. She said Jim worked on estates prior to McKey's involvement but she did not know how much work he did or about the nature of the jobs he completed although Jim was not a licensed contractor and would therefore be limited in the size and scope of any job he could do. Murray said she knew Jim and McKey were friends and any decision to hire Jim would have to been made by the Frenette's. Regarding any possible conflict of interest issues with family members of SVG staff being hired to work on SVG managed estates, Murray said she thought SVG was required to disclose and get approval from the Court in that type of situation but she did not know if SVG's attorney filed anything.

Records Reviewed

In addition to records examined, as previously referenced in this Summary, the Division reviewed SVG's *Petition for Approval of First Accounting of Conservator, for Approval of Attorney's Fees and Expenses, and For Approval of Conservator's Fees*, filed on May 8, 2009, regarding PB2007-050959, Norman Greenberg. In that Petition, McCollum affirmed she was the estate manager of and acting on behalf of SVG, Inc. and identified SVG's areas of service to include, in part, developing a comprehensive work plan for estate administration; analyzing all financial correspondence; extensive clean up and clean out of an extreme amount of debris, paper, furniture, and clothing from the residence; and communications and meeting with two contractors to renovate and bring the house to code in order to sell the real property.

A review of the accounting showed SVG staff was engaged with the Greenberg property regarding contacting various contractors about the cleanup of the house. Billing entries dated March 25, 2008, verified McCollum and Murray each billed for conferencing with each other about WesTech's estimate for clean out of the house. On April 24, 2008, Murray and McCollum both billed for reviewing WesTech's estimate to repair the property and to compare WesTech's and Copperline Contracting's estimates. On May 7, 2008, Murray and McCollum each billed for conferring with each other to review bids from Copperline Contracting and WesTech to repair and remodel the house. On May 13, 2008, Murray billed for calling WesTech to award the bid and on the following day she billed for drafting email correspondence to Copperline Contracting regarding the status of the bidding.

Jim's company, Select Residential Services, was paid on February 26, 2008 and March 12, 2008, for services rendered but the accounting did not indicate the amount paid or the type of work done.

The Division reviewed SVG's *Petition for Approval of First Accounting, Attorney's Fees and Costs, and Fiduciary Fees and Costs*, filed April 15, 2009, regarding PB2007-03242, Wanda Ravalli. In that Petition McCollum, as estate manager of and acting on behalf of SVG, Inc., identified SVG's areas of service to include, in part, developing comprehensive work plan for estate administration, numerous and extensive cleanings at house with Service Master, WesTech, and several other contractors, to obtain estimates for cleanup of house and yard.

A review of those billings showed SVG staff actively worked to obtain numerous quotes for bio cleaning and hazmat issues from contractors such as Service Master, Bio Tech, and WesTech. Billing entries dated January 29, 2008, showed McCollum billed for a telephone from WesTech regarding information for a bid and remodeling, and for conferencing with Murray regarding a work plan on cleaning up of the house. On February 4, 2008, McCollum and Murray each billed for conferencing with each other regarding contractor's opinions on options for the house including demolition verses cleaning out. Subsequent billings from Murray for February and March showed SVG was continuing to meet with the contractors to obtain estimates. On March 13, 2008, Murray billed for reviewing an updated proposal from WesTech.

On March 21, 2008, Murray and McCollum each billed for conferring with each other regarding WesTech's estimate to clean the house then on the same day they both teleconferenced with WesTech to obtain an estimate to demolish the house. On April 8, 2008, Murray billed for conferencing with McCollum on reviewing correspondence regarding the status of estimates and Murray contacted Select Residential Services regarding removing a wooden shelf. On April 10, 2008, Murray reviewed two estimates from Select Residential Services. McCollum was involved in discussions with a staff member on May 16, 2008, regarding contractor quotes and again with Murray for the same on May 19, 2008. McCollum and a staff member billed for conferencing with each other on September 22, 2008, regarding a bid for remediation and that staff member also billed for drafting correspondence to McKey/WesTech and bid for cleaning the house. On September 24, 2008, Murray and McCollum billed to confer together regarding WesTech's updated proposal to clean out the house.

Subsequent billings showed WesTech was working on the property to do the clean out and paid accordingly. Billings also showed Select Residential Services was paid for services rendered.

Summary and Analysis

In her interview with the Division on October 2, 2014, McCollum initially stated that all remodeling and contracting jobs were reviewed by her and Frenette then also claimed she was not involved with the process and did not see contractors' bids. A review of SVG's

billings appear to contradict McCollum's assertions and verifies she was involved with reviewing contractor's bids as noted in the Records Reviewed contained in this Summary.

In his August 21, 2009, interview with the Division, Frenette said he reviewed contracts but that McCollum was authorized to review and approve contracts and to change orders. Frenette said he relied on McCollum for the contracting and bids because of her experience. Further, at that interview, Frenette's and McCollum's attorney, Alysa Gray, on her clients' behalf, denied that Jim worked for McKey and said he had no evidence of paying Jim other than for repayment of a personal loan. In a follow up interview with the Division on December 10, 2012, Frenette stated that estate administrators, McCollum, himself or his wife could be involved with contracting although larger contracts went through McCollum or possibly through him. Frenette verified that Jim provided limited handyman work at SVG but could not recall whether he worked on the Greenberg Estate.

In September 2009, McCollum and Jim submitted respective affidavits to the Division and referenced a \$1,700.00 personal loan made between Jim and McKey but neither document mentioned Jim receiving \$8,000.00 for working on Greenberg Estate. Both affidavits affirmed that Jim performed quick remedial work on the said property and that Jim performed the work because the estate was illiquid and SVG was unable to secure a contractor for the job under those financial circumstances. Jim's affidavit also noted that after the Greenberg house he once helped McKey move furniture and was paid at an hourly rate. In her September 24, 2009, interview with the Division McCollum said Jim made repairs to the roof to keep water from entering the property. In her October 2, 2014, interview McCollum said the roof at the property was caving in and asbestos was falling through. SVG staff needed to enter the residence so McCollum suggested to Frenette that Jim could do the work because he is a firefighter with training and experience with hazmat issues. She said Jim was paid by the estate and his only task was to deal with the asbestos so that staff could safely enter the house. McCollum also recalled Jim helping with a fence repair on the Greenberg Estate but denied that he did any other work on that property or on any other estate. She did not believe she was in a conflict of interest recommending her husband for the work despite her role as estate manager because she had discussed it with Frenette and he made the decision to hire Jim. When presented with a copy of McKey's \$8,000.00 check McCollum denied having any prior knowledge of it and said, "I had no idea that he [Jim] made money off that case."

In his interview with the Division on November 12, 2014, Jim stated that he worked alongside McKey on the property because the house was "trashed" and to repair a fence and remodel the house. He said McKey paid him in cash and that the "split" the money but Jim could not recall how much he was paid or whether \$8,000.00 was accurate compensation for his work, saying "I have no idea."

McKey maintains that McCollum told him she would award him SVG contracts as long as he hired Jim to work and paid him half of the profits. He alleges McCollum provided him, by fax and in person, competitor's bids so that he could secure the winning contracts. McCollum adamantly denies the allegations.

McKey provided the Division a copy of Copperline Contracting's bid for the Greenberg Estate, and Service Master's and Imperial Restoration and Contracting's respective bids for work on the Ravalli Estate. As noted earlier in this Summary, McKey also produced his copy of two proposals he submitted to SVG for the clean out of the Ravalli Estate which he said he copied directly from Services Master's quote given to him personally by McCollum and was ultimately told to resubmit an amended proposal because he replicated the competitor's bid. The proposal reviewed, dated March 1, 2008, did appear identical to the Service Master proposal that company faxed to SVG on February 28, 2008. McKey's subsequent amended proposal, dated March 9, 2008, differed substantially in detail. A review of SVG's accounting verified that on March 13, 2008, Murray billed the estate for WesTech's updated proposal.

McKey produced a copy of an \$8,000.00 check from his WesTech Plumbing account, dated June 24, 2008, payable to Jim for the Greenberg House and the check cashed by Jim on that date. McKey also provided a copy of a cashier's check, dated December 12, 2008, payable to Jim, in the amount of \$1,700.00, reflecting reimbursement of the personal loan.

The previous Investigation Summary noted that Division Investigator Alex Navarro, at the time of her involvement in 2009, contacted John Chikie of Service Master. He stated that his bid only covered the cleaning of the Ravalli property and not any major projects. He was willing to lower his estimate to secure the contract if he was asked to but said he did not hear back from McCollum. Herb Yee of Imperial Restoration and Contracting was also contacted regarding his bid on the Ravalli Estate. He said that McCollum had changed her mind and was putting the project on hold. He was also willing to lower his estimate for the job if he was asked in order to secure the project.

McKey was awarded both the Greenberg and Ravalli Estate contracts and the competitor's bids he provided to the Division were specific to those estates. In her October 2, 2014, interview, McCollum said she was certain that SVG awarded contracts to the lowest bidder because of the fiduciary's duty to protect the assets of the estates and that McKey must have been the lowest bidder if he won the contract. However, McKey's winning proposal was \$2,680.66 higher than that of the competitor's quote. McCollum could not provide an explanation for this other than restating that Frenette made the decisions to select contractors.

At the time of these allegations of misconduct Administrative Orders 2006-70 and 2006-71 were in effect requiring the fiduciary to comply with the Code of Conduct contained therein.

ACJA §7-202(J)(2) stated:

The fiduciary shall exhibit the highest degree of trust, loyalty and fidelity in relation to the ward, protected person, or estate.

§ 7-202(J)(2)(b) read:

The fiduciary shall avoid self-dealing or the appearance of a conflict of interest. Self-dealing or a conflict of interest arises where the fiduciary has some personal or agency interest other individuals may perceive as self-serving or adverse to the position or best interest of the ward, protected person, or decedent. In situations where no other services are available, the fiduciary shall disclose the potential conflict in a petition to the superior court, seeking approval prior to the provision of services.

§ 7-202(J)(4) set out:

The fiduciary acting as conservator for the estate shall provide competent management of the property and income of the estate. The fiduciary shall exercise intelligence, prudence and diligence in the discharge of all duties. A fiduciary shall avoid any self-interest in the discharge of this duty.

§ 7-202(J)(4)(g) stated:

The fiduciary shall have no self-interest in the management of the estate and shall exercise caution to avoid even the appearance of self-interest.

McCollum, a licensed fiduciary, was mandated to adhere to the provisions of the ACJA and to avoid self-dealing or even the appearance thereof and to avoid any self-interest in the discharge of this duty. § 7-202(J)(2)(b) specified that self-dealing or a conflict of interest arose, in part, when the fiduciary has some personal interest other individuals may perceive as self-serving or adverse to the position or best interest of the ward or protected person. McCollum did not consider herself to be in any conflict of interest because she said Frenette made the decision to hire Jim but it was McCollum, as estate manager, that endorsed her husband for the work and he was subsequently hired to complete remedial work on the Greenberg Estate. He also completed a fence repair and clean out of the said property, evidenced by various interviews, affidavits, and SVG's billing. Jim was also hired to do what appears to be minor work on the Ravalli Estate, as reflected in SVG's billing. Jim acknowledged that he was hired by SVG because his wife was a fiduciary there. He also suggested to McCollum that McKey be hired to work on estates managed by SVG. McKey was paid to do a variety of smaller jobs on various estates and he was also awarded larger contracts, namely the Greenberg and Ravalli Estates. Records showed McKey worked on nine estates.

Both McCollum and Jim deny that there was any arrangement requiring McKey to pay Jim half of the profits from Greenberg or any other estate. McCollum also said she did not remember then denied that she provided McKey with a copy of competitor's bids during the bidding process so that he would secure the winning contracts for that reason. McKey had in his possession competitor's bids, from Copperline Contracting, Service Master, and Imperial Restoration and Contracting, LLC that he claimed he received from McCollum so that he could secure the winning contracts and pay Jim half of the profits. One of the bids was faxed from McCollum's home fax number. Further, McKey produced a copy of a check for \$8,000.00 payable to Jim that McKey claims was Jim's

cut pursuant to their surreptitious agreement. McCollum denied any knowledge of this check or that her husband worked with McKey to the extent justifying the compensation. There was no mention of this in any interview conducted and neither McCollum's nor Jim's affidavits made any such disclosure. Jim has stated that he worked alongside McKey on the Greenberg property but he could not remember how much he was paid and only that he was paid in cash and, when asked, Jim said he had "no idea" whether \$8,000.00 was an accurate reflection of his compensation.

In closing, McCollum was required to exhibit the highest degree of loyalty and fidelity in relation to the estate and she mandated to avoid any self-interest and self-dealing or even the appearance of self-dealing in the discharge of her fiduciary duties.

McKey provided documentation showing he obtained competitors' bids allegedly provided to him by McCollum. Those bids were specific to the contracts McKey was awarded including one bid, for the Greenberg property, faxed from McCollum's home number. McKey's actual quote for that contract was higher several thousand dollars higher than that of the competitor's quote yet McKey was awarded the contract although McCollum was clear that the lowest bid was awarded the contract because of fiduciary duty to protect the assets of any estate. McKey also produced evidence of an \$8,000.00 check payable to Jim for the Greenberg property pursuant to the agreement he made with McCollum.

McCollum disputes any allegation of any agreement requiring McKey to pay Jim profits from any estate job. She was unable to remember whether she provided McKey with competitor's bids but said she would not do so and stated she had no involvement with the bidding process although SVG's billing appears to conflict with those statements. She denied having any knowledge of the \$8,000.00 check McKey paid to her husband. McCollum

McKey was initially hired to work on SVG estates because of his relationship with Jim whom recommended McKey to McCollum. Further, it was McCollum whom recommended her husband to complete remedial work on an estate and he was subsequently hired for that and other jobs. SVG billing showed Jim was paid on two occasions for the Greenberg property and once for work at the Ravalli Estate.

Based on the preponderance of the evidence obtained and reviewed it seems evident that McCollum did not exercise sufficient diligence and caution to avoid self-interest or even the appearance of self-dealing and self-interest in the discharge of her fiduciary duties in this matter.

SUBMITTED BY:


PASQUALE FONTANA, Investigator
Certification and Licensing Division


Date

**ARIZONA SUPREME COURT
ADMINISTRATIVE OFFICE OF THE COURTS
SUPPLEMENTAL INVESTIGATION SUMMARY**

<i>CERTIFICATE HOLDER INFORMATION</i>	Certificate Holder:	Stephanie McCollum
	Certification Number:	20560
	Business Name:	The Sun Valley Group, Inc.
	Certification Number:	20078 Inv.

<i>COMPLAINANT INFORMATION</i>	Name:	Scott McKey
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<i>INVESTIGATION INFORMATION</i>	Complaint Number:	09-0007
	Investigator:	Pasquale Fontana

SUMMARY OF ADDITIONAL INVESTIGATION:

ALLEGATIONS

1. *McKey alleges McCollum hired him to complete construction work on behalf of SVG, and that she requested he hire her husband, Jim McCollum, and pay him 50% (fifty percent) of the profits from a completed work project.*
2. *McKey alleges McCollum wanted him to pay Jim McCollum 50% (fifty percent) of the profits from other work projects and when McKey refused to pay he was not hired for any future work.*

On or about May 22, 2015, the Division made contact with Jim McCollum ("Jim") and an interview with him was scheduled for June 25, 2015. In that interview, Jim provided information concerning Stephanie McCollum ("McCollum") including information pertinent to complainant number 09-0007: that Jim obtained work as a handyman performing estate work for SVG as a result of his marriage to McCollum; that Scott McKey ("McKey") was hired by SVG to perform licensed contractor work on estates and that McKey was awarded estate contracts because McCollum provided information on competitor's bids that was to be shared with McKey in order to enable him to secure the winning contracts.

Summary of Interview with Jim McCollum

On June 25, 2015, Division Investigators, Pasquale Fontana ("Investigator Fontana"), and William MacIntyre ("Investigator MacIntyre") interviewed Jim and Kathleen Spreen ("Spreen"). He verified that he previously operated a handyman service, Select Residential Services, and performed handyman work for Sun Valley Group ("SVG").

Jim said he obtained handyman work on estates through his connections with his wife, a fiduciary for SVG, at that time.

Regarding a relationship with McKey, Jim said he has known him for a number of years meeting through a mutual interest in motocross racing and the two became "best friends." Jim knew McKey was a licensed contractor and was having financial problems "back then" so Jim told him "I can get you going" with SVG because they had estate houses in need of repair and remodel. Jim said he discussed this with McCollum and she determined that SVG could use McKey.

In the interview, Jim was asked:

Q: What do you know about the circumstances of him [McKey] getting work and getting jobs?

A: Basically, all the jobs had to get bids and Stephanie [McCollum] would tell me what the lowest bid was and I would tell Scott [McKey] you've got to beat this number and that went on three or four times and he always got the jobs and he always...I thought it was great too, you know saving the clients' money, we're getting the job done, you know...everybody's winning.

Q: Would you get a copy of the bids or was this just verbalized to you?

A: Most of them were verbalized. She did give me a copy one time. Scott [McKey] I guess he didn't know how to write out a contract very well. I guess with the courts they've got to be very detailed, the work's got to be done and Scott [McKey] wasn't good at that so Stephanie [McCollum] gave me a bid to show him how to do it...this is how...

Q: Do you remember the bid?

A: No

Q: Remember the house?

A: No. She'd tell me what the lowest bid was and I'd tell Scott [McKey] beat this and it's yours.

Q: And what would he do?

A: He'd beat it by a hundred bucks or so and he got the job.

Q: Do you remember if there was several of them, one of them?

A: There was at least four, three of four, we only did this for like six months when he started working...

Jim said he started working for SVG prior to McKey's involvement, doing various jobs around SVG's office and working on air conditioners, bracing fences, cleaning out of residences etc. for estates but when jobs got larger or remodeling was required in order to sell a property, McKey was awarded the contracts. Jim said he worked "side by side" with McKey on only one large remodel job and they had agreed to an arrangement whereby if Jim worked "side by side" with McKey the two would "split the money on that." Jim could not recall specifically how much McKey paid him for the remodel work and when Jim was asked by Division staff about an \$8,000.00 check he said he could not remember anything about it then later in the interview said that the work he did on that estate could have amounted to \$8,000.00.

Jim was asked:

Q: Was there an arrangement, a discussion with Stephanie [McCollum] or with Scott [McKey] around how you were to be paid, if he got the contracts?

A: Scott [McKey] and I talked about it ...if we work side by side we'll split the money.

Q: Did Stephanie [McCollum] know that you guys were working together?

A: Yeah.

Q: Did he [McKey] get that contract pursuant to what you're saying, you gave him the bids...and he bid lower...got bids?

A: Yeah.

Q: Do you remember giving him a copy of that bid for that job?

A: I don't remember which one I gave him the bid on...which one I gave the paperwork on

Q: Were you aware at all of Stephanie [McCollum] giving him [McKey] bids?

A: She kind of went through me on it. She'd tell me what the bids were and I'd tell Scott [McKey] what to bid.

Jim said McCollum would provide him with the bid amounts with the understanding that he was giving them to McKey. Asked if he ever faxed a bid to McKey, Jim said he did not have a fax machine and did not recall sending any bid via fax. Asked if McKey would submit his quote for the work to him, Jim said McKey submitted his quotes to SVG and said that McCollum would review the bid. Jim verified that McCollum was the one that made the decision to hire the contractor stating, "Yeah, she's the one who picked who did it."

Asked if McCollum was aware of how much money he was paid for working with McKey, Jim said "Yeah, I'd tell her."

Q: So it wasn't the kind of thing where you just got paid, put it in your account, and she doesn't know a thing about it?

A: We didn't have secrets like that but her money was her money and my money was my money.

Q: But she was aware that you made this much money including that one where you said it looked like it could have been \$8,000.00 on that check...would you guys talk about that?

A: Yeah.

Q: So it wasn't a secret, as you put it?

A: No. She bought purses and stuff like that. I bought guns, cars, stuff like that.

Jim said everything was going well between McKey and McCollum for about eight months but then the two had a "big blow out" and Jim found himself fielding calls from McKey calling McCollum crazy and she was complaining about McKey. Asked about his understanding of the issues leading to their problem Jim claimed he did not know the specifics of the issue but added that he knew she had provided McKey with a competitor's bid and Jim asked her what she was going to do about that because McKey could "hold that against" her. According to Jim, McCollum told him that she was going to accuse SVG estate administrator, Jennifer Murray ("Murray") of sending the bid to McKey. Asked if Murray sent any bids to McKey, Jim said she did not.

Jim recalled going to one estate with McKey for the purpose of viewing the property and providing an estimate for an extensive clean out job. A relative of the Ward was present and asked Jim and McKey who they were. When Jim identified himself as McCollum's husband the individual said Jim was in a "conflict of interest" and refused to allow him to have any further involvement. Jim said the relative "had a problem" with the situation and he then complained to SVG after which SVG "stopped using me for everything" so Jim no longer got any estate work. Jim said McKey had been awarded the contract on that estate because McCollum gave Jim bid information and he passed that on to McKey.

Summary and Analysis

Jim acknowledged that McCollum shared competitor's bids with him with the understanding that he would give that information to McKey in order for him to secure the winning contract and the two men would then "split" the money if they worked "side by side." Jim said he only worked on one large remodel job with McKey acknowledging that he may have been paid \$8,000.00 for the work he completed. Jim said McCollum

was aware of how much money he was paid for that job because the couple talked about this.

Pursuant to the Supplemental Investigation Summary, dated December 30, 2014, previously submitted to the Board and presented at the January 8, 2015, Board meeting, interviews were conducted with McCollum, McKey, Jim, and Murray.

McCollum has consistently denied any allegations of wrongdoing in both her initial interview with the Division on September 24, 2009, with attorney, Alisa Gray; and again on October 2, 2014, with attorney, Lawrence Scaringelli ("Scaringelli"). In the last interview, McCollum and Scaringelli rejected any notion that McCollum provided McKey any competitor's bid or allowed anyone to give any such information or that she otherwise had any knowledge of anyone providing McKey this material. McCollum said she was the estate manager for SVG, knew that all larger contracts including any remodeling of estates required a bidding process and said she and Peter Frenette ("Frenette") were responsible for reviewing all of the tendered bids. They were also the decision makers for which contractor was awarded the contract. Later in the interview, McCollum denied that she was directly involved with any of the bids submitted by McKey and she also denied awarding McKey the contracts stating that it was Frenette who reviewed the bids and made those decisions.

The Division notes that in his August 21, 2009, interview with the Division, Frenette verified that large projects required "competitive bids and estimates" and said he reviewed contracts but that McCollum was authorized to review and approve contracts and to change orders. Frenette said he relied on McCollum for the contracting and bids because of her experience.

The Division further notes, as detailed in the previously submitted Supplemental Investigation Summary, a review of relevant conservator accountings SVG filed in Superior Court for the estates of Greenberg and Ravalli, showed billing entries from McCollum and Murray conferencing with each other on McKey's submitted job estimates, comparing his to other competitors proposals, work done on obtaining estimates, correspondence, and calling McKey to award him the contract.

McKey's information seems to be fairly consistent from the information he provided the Division at the time of his initial interview on July 22, 2009, to that which he presented on October 23, 2014. He provided the Division with a copy of three competitor's bids for various jobs on two estates, the Greenberg and Ravalli estates, which McKey said two were personally given to him by McCollum and another containing McCollum's fax number at the top of the document was sent to him from her fax machine.

In her October 2, 2014, interview, McCollum acknowledged that her fax information appeared at the top of the referenced document but she denied sending the fax and agreed with statements made by attorney, Scaringelli, that the document could have been faxed by Murray who may have visited McCollum's home, or by either Jim or McCollum's daughter both whom lived in residence at the time the document was faxed.

In his June 25, 2015, interview with the Division, Jim said McCollum and McKey had a “big blow out” eight months after McKey started performing work for SVG. Jim said he spoke with McCollum at that time and asked her what she would do because Jim was aware she provided McKey with a competitor’s bid and that he could “hold it against” her to which McCollum apparently said she would accuse SVG estate administrator, Murray of sending the fax to McKey.

In her November 17, 2014, interview with the Division, Murray denied providing McKey with any copy of competitor’s contract proposals and that the decision to hire contractors for remodeling contracts was made by McCollum or Frenette and his wife.

McKey claimed that said after McCollum gave him a contract proposal from Service Master, he copied the competitor’s bid in its entirety and simply affixed his company’s letterhead on the estimate then submitted it to SVG. McKey said McCollum was upset about him doing this because SVG’s records would show that his proposal was identical to that of Service Master so McKey was asked to revise and resubmit his quote.

A review of McKey’s and Service Master’s bid verified that both estimates were identical in detail and scope of the work but differed in the amount quoted for the job with McKey quoting a lower amount. A review of McKey’s amended bid subsequently submitted to SVG showed substantially different detail to that of his initial proposal for the same job.

The Division notes that McKey was awarded the two large contracts, Greenberg and Ravalli, both of which required tendered bids.

McKey also provided the Division with a copy of an \$8,000.00 check from McKey’s business, payable to Jim, dated June 24, 2008, for the “Greenberg House.” That check was cashed by Jim on the same date. Division staff showed McCollum the referenced check during her October 2, 2014, interview. She denied having any knowledge of this money or of having any awareness of Jim working with McKey to the extent warranting that amount of money. McCollum maintained that she and Jim maintained separate bank accounts and each had their own money.

At the time of these allegations of misconduct Administrative Orders 2006-70 and 2006-71 were in effect requiring the fiduciary to comply with the Code of Conduct contained therein.

ACJA §7-202(J)(2) stated:

The fiduciary shall exhibit the highest degree of trust, loyalty and fidelity in relation to the ward, protected person, or estate.

§ 7-202(J)(2)(b) read:

The fiduciary shall avoid self-dealing or the appearance of a conflict of interest. Self-dealing or a conflict of interest arises where the fiduciary has some personal

or agency interest other individuals may perceive as self-serving or adverse to the position or best interest of the ward, protected person, or decedent. In situations where no other services are available, the fiduciary shall disclose the potential conflict in a petition to the superior court, seeking approval prior to the provision of services.

§ 7-202(J)(4) set out:

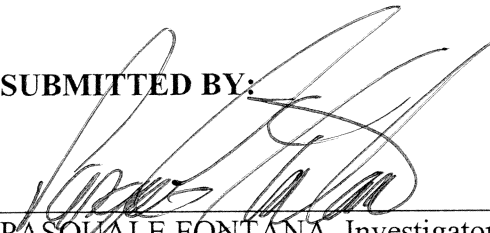
The fiduciary acting as conservator for the estate shall provide competent management of the property and income of the estate. The fiduciary shall exercise intelligence, prudence and diligence in the discharge of all duties. A fiduciary shall avoid any self-interest in the discharge of this duty.

§ 7-202(J)(4)(g) stated:

The fiduciary shall have no self-interest in the management of the estate and shall exercise caution to avoid even the appearance of self-interest.

Based on the preponderance of the evidence obtained and reviewed by the Division, as detailed in the Investigation Summary and Allegation Analysis Report, dated April 2, 2014; Supplemental Investigation Summary, dated December 30, 2014; and this Supplemental Investigation Summary, it seems evident that McCollum did not exercise sufficient diligence and caution to avoid self-interest or even the appearance of self-dealing and self-interest in the discharge of her fiduciary duties in this matter.

SUBMITTED BY:


PASQUALE FONTANA, Investigator
Certification and Licensing Division

9/6/15

Date



Supreme Court

STATE OF ARIZONA
ADMINISTRATIVE OFFICE OF THE COURTS

Scott Bales
Chief Justice

David K. Byers
Administrative Director
of the Courts

November 5, 2015

Ms. Stephanie McCollum
2824 North Power Road #113-276
Mesa, AZ 85215

RE: LETTER OF CONCERN - Complaint Number 09-0007

Dear Ms. McCollum:

On November 5, 2015, the Fiduciary Board ("Board"), pursuant to the Arizona Code of Judicial Administration ("ACJA") § 7-201(H)(6)(a), (H)(7), and (H)(24)(a)(6)(a):

1. Reviewed the attached Investigation Summary, Probable Cause Evaluation Report, and Recommendation;
2. Entered a finding grounds for discipline exist in this complaint;
3. Ordered resolution of the complaint through an informal disciplinary sanction; and,
4. Entered the enclosed Order to issue this Letter of Concern.

ACJA § 7-201(H)(24)(b)(2) provides:

A letter of concern is a written informal discipline sanction and is not appealable. A certificate holder may file a response to the letter of concern no later than fifteen days after the date of the letter of concern. The certificate holder's response is public and division staff shall file the response in the complaint file.

If you choose to submit a written response, please address it to the Board. Pursuant to ACJA § 7-201(H)(1)(g) and (H)(24)(b)(2), this Letter of Concern and your response are not confidential.

Sincerely,

A handwritten signature in cursive script, likely belonging to Deborah Primock, is written over a horizontal line.

Deborah Primock, Chair
Fiduciary Board

Enclosures